

State of California  
Business, Transportation & Housing Agency  
Department of Transportation

POLICY MATTERS  
AB 1012 Loan Program  
Information Item

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CTC Meeting: December 12-13, 2001

Agenda Item: 4.3

*Original Signed By:*  
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ROBERT L. GARCIA  
Chief Financial Officer  
December 1, 2001

**SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012**  
**RESOLUTION G-01- , AMENDING G-01-17**

**BACKGROUND**

AB 1012 (Chapter 783, Statutes of 1999) established a program to loan unallocated funds from the State Highway Account (SHA) to transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities. These loans are to be made available for the advancement of projects eligible under the State Transportation Improvement Program (STIP) and that are included within an adopted Regional Transportation Plan (RTP). Loans are limited with a maximum of \$500 million to be outstanding at any one time, with a maximum loan of \$100 million per county. Loans are to be repaid within four years.

AB 1012 requires that twice a year, on January 15 and July 15, the California Transportation Commission (Commission) adopt projections of funding availability and the period of time during which the funds will be available. Estimates of funding availability were presented to the Commission at the June 2001 meeting. The Commission adopted Resolution G-01-17 providing \$300 million over four-years as the amount available for loans during this period. As of December 12, 2001, no loans have been made and no applications have been received from counties. Caltrans' staff has indicated that informational outreach efforts to the counties regarding this program have been expanded.

**DISCUSSION**

The available cash balance in the SHA is \$812 million against which \$2.3 billion is committed (as of September 30, 2001). Given the current economic condition and the projected ending cash balance of \$679 million for June 2002 and \$449 million for June 2003, the potential loan strategy of \$100 million for up to four years may be considered without jeopardizing funding of the Department's daily operation.

If loan requests come in higher than the \$100 million, the Department will consider increasing the loan capacity based on the financial conditions at that time.

The adoption of this strategy would provide flexibility to meet the needs of the counties submitting applications. Upon receiving the requests, the loan would be presented to the Commission for their consideration during the loan approval process.

**RECOMMENDATION**

The Department recommends the California Transportation Commission adopt the loan strategy as presented above.

**CALIFORNIA TRANSPORTATION COMMISSION**  
**State Highway Account Loan Program**  
**Estimated Loan Capacity under AB1012**

**Resolution G-01-\_\_\_\_, Amending Resolution G-01-17**

- 1.1 WHEREAS, Section 14529.6 of the Government Code (GC) was added by Chapter 783 of the Statutes of 1999 (AB 1012, Torlakson), hereinafter referred to as “the act”, and
- 1.2 WHEREAS, GC Section 14529.6 establishes a loan program to advance unallocated funds from the State Highway Account for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted regional transportation plan, and
- 1.3 WHEREAS, the California Transportation Commission (Commission) is required by the act to adopt, in January and July of each year, a projection of funds that may be available to be loaned and the period of time during which funds will be available, and
- 1.4 WHEREAS, the act directs Caltrans to report to the Commission, prior to adoption of a projection, the cash-flow needs for the STIP for the following six months, and
- 1.5 WHEREAS, at the December 2001 Commission meeting, Caltrans presented the potential loan strategy of \$100 million for up to four-year loan period, and
- 1.6 WHEREAS, use of the strategy would meet the needs of the counties submitting applications, and
- 1.7 WHEREAS, as each requests received, the loan strategy would be presented to the Commission for consideration during the loan approval process.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby adopt the strategy of \$100 million for up to four year period, and
- 2.2 BE IT FUTURE RESOLVED that the Department will present all loan applications up to \$100 million for up to a four-year period, to the Commission for their consideration during the loan approval process, at such time as applications are received.